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Canada's Finance Minister Commends IMF Quota Reform

The Honourable Jim Flaherty, Minister of Finance, welcomed yesterday's decision by the Executive Board of the International Monetary Fund (IMF) to approve significant reform of the Fund's voting structure. While still to be approved by the Fund's Governors, Minister Flaherty called the decision "an important milestone in the reform of the IMF."

"I have repeatedly called on the IMF to reform its quota system as a vital element in the ongoing renewal of the institution, and I congratulate the IMF's Managing Director, Rodrigo de Rato, on the progress made by the Fund to date," said Minister Flaherty.

"While much work remains to be done, I look forward to working with my fellow Governors at the IMF annual meetings in Singapore later this month to advance the broader IMF reform agenda, so that the Fund can continue to play its critical role in ensuring a more flexible, market-based international financial system."

The first stage of quota reform will involve increases for four countries that are significantly under-represented at the Fund—China, Korea, Mexico and Turkey. The second stage will involve a revision of the formula to determine quotas, an increase in the voice of low-income countries and a series of other governance reforms.

Canada and other nations have called on the IMF to revise its quota system, which is used to determine each member's voting power and its access to IMF borrowing, to more accurately reflect the relative size of emerging economic powers in the world economy. Canada is also advocating reform of the Fund's surveillance function to ensure that IMF members respect their obligations to conduct exchange rate, fiscal, monetary and financial sector policies in a manner consistent with global financial stability.

For further information, media may contact:

Eric Richer
Press Secretary
Office of the Minister of Finance
613-996-7861

David Gamble
Media Relations
Department of Finance
613-996-8080

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